

CHAPTER 1

INTRODUCTION

In June 2000, the Judicial Council of California contracted with Policy Studies Inc. (PSI) to conduct a review of California's child support guideline. This review was conducted in compliance with federal and state law. Federal law (45 CFR 302.56) requires states to examine case data at least every four years to ensure that deviations from guidelines in the amount of child support ordered are limited. State law (Fam. Code, § 4054(a)) also requires the Judicial Council to periodically review the statewide guideline and recommend appropriate revisions to the Legislature.

The review conducted in 2000 included the following activities:

- The collection and analysis of child support order information from case files;
- A review of provisions other states' guidelines make for selected issues, including issues related to low-income obligors, second families, and the use of gross or net income to calculate the support obligation;
- An analysis of the costs of raising children based on the most recent economic evidence;
- The administration of a survey of people who use the guideline (for example, judges, family law attorneys, and advocates for parents and/or children) to establish and modify support orders; and
- Focus groups and interviews with parents who have experience with the guideline.

The Judicial Council requested that the study activities particularly address three key issues of special interest to the Legislature: (1) the low-income adjustment provisions in the guideline, (2) the income base the guideline formula uses to calculate a support obligation, and (3) adjustments the guideline allows for additional dependents.

REVIEW OF CASE FILES

The case file review consisted of a random sample of child support orders that were established or modified in calendar year 1999. The review adopted the same approach the Judicial Council used in its last review of support orders, but it selected fewer cases for review.¹ That approach included the following features:

¹ Judicial Council of California, *Review of Statewide Uniform Child Support Guideline 1998*. The review examined 2,987 child support orders filed between July 1, 1995, and June 30, 1996.

- **Selection of sample counties.** The review was conducted in the same counties the Judicial Council sampled in its 1996 study. The counties represented a good cross section of sociodemographic variables that reflect underlying family conditions in California. These variables include county population, regional density (that is, rural, urban, suburban), geographic location in the state, relative wealth (for example, mean household income), and total number of child support cases.
- **Sample frame.** The sample frame included all child support orders filed in calendar year 1999. In order to ensure that the study reviewed orders established by the district attorney's office and orders established privately, an assumption was made that the ratio of orders made through district attorney's offices to those made outside district attorney's offices was 0.50. This was the ratio used to draw the case file sample in 1996 and, since there are no data about the existing ratio, it seemed reasonable to make the same assumption for the 2000 study.
- **Sample size.** A major purpose of the study was to estimate how frequently actual child support order amounts differ from the amounts that would have been established if the guideline formula had been used. A sample size of 1,000 orders was selected as adequate to make that estimate.² The sample was stratified by county based on the number of child support orders established by the district attorney's office in each county. Thus, if the number of district attorney's office orders established in Los Angeles is twice the number established in San Diego, then for every one case reviewed in San Diego, two cases would be reviewed in Los Angeles. The study team established a weighting mechanism so that the number of cases reviewed in each county reflected the proportional distribution of district attorney's office orders across counties in the sample.
- **Sampling algorithm.** Since there is no exact count of how many child support orders are established or modified in a single year, the case file review selected every sixth family case file for review. If there was no child support order, the next case was selected for review. This selection process continued until the sample size for each county was reached.

The case file review captured a great deal of information about the child support order in addition to whether the order amount matched the amount that would have been established if the guideline formula had been used. For example, the review captured the reasons judges recorded for deviating from the guideline amount, the incomes of the parents (where available), the number of children covered by the

² At a 95 percent level of confidence, a sample size of 1,000 orders will yield estimates of the deviation rate that are within a maximum 3.1 percent, plus or minus, of the observed rate. Since the 1996 deviation rate was 9.9 percent and since the 2000 rate was not expected to differ substantially from the 1996 rate, the precision of the estimate with a sample size of 1,000 cases is even greater: within plus or minus 1.9 percent of the observed rate.

support order, the presence of add-on support for such items as child care or medical expenses, and whether the parents were represented by a private attorney.

REVIEW OF PROVISIONS IN OTHER STATES' GUIDELINES

California state law requires the guideline review to include an analysis of guidelines and studies from other states. An analysis of all the provisions in every state's guideline was beyond the scope of the current study. Thus, this study focused on the three main issues of legislative interest: how other states deal with low-income obligors and additional dependents and whether they use net or gross income as the base from which to compute a support obligation. The study first reviewed the provisions in the California guideline that deal with these issues and any relevant case law. It then examined how other states deal with the same issues, even including examples to illustrate how the provisions in other states' guidelines are applied. Finally, the review included a summary of the issues that have been of greatest concern to other states in their more recent guideline reviews.

ANALYSIS OF CHILD-REARING COSTS

Estimates of child-rearing costs are developed from national data on consumption patterns of households with and without children. These data are collected by the Bureau of Labor Statistics in its Consumer Expenditure Survey (CEX). The CEX is an exhaustive list of expenditures by item and by household size for a nationally representative sample of American families. No state collects expenditure data that are as exhaustive or that are collected on such a large sample size. As a result, the CEX is the only available survey suited for estimating household spending patterns.

Disentangling the consumption costs of children from those of parents in a household is not straightforward because many costs in a household (for example, housing, furnishings, and food) are shared among all the household members. It is therefore not possible to observe directly the portion of household expenditures attributable to a child. For this reason, there are contending approaches to estimating the costs of raising children. Each has advantages and disadvantages, and there is no ideal approach. Studies from the early 1980s have been replicated using more current expenditure data; the estimates using these more current data are presented in this report.

SURVEY OF GUIDELINE USERS

The primary purpose of the guideline users' survey was to learn stakeholders' views about (1) what they believe is working well and not so well with the existing guideline, (2) what they see as the guideline's strengths and weaknesses, and (3)

what features of the guideline they believe could be improved. In addition to capturing information about the three key issues that were the main focus of the study, the survey asked questions about a wide range of other issues, including how to deal with high-income cases, shared parenting, and “add-ons” to the basic support obligation (for example, for child care or extraordinary medical expenses for the children who are the subject of the support order).

The survey, which was designed jointly by PSI staff and the Judicial Council, was administered to people who use the guideline to establish and modify child support orders. This included judges, family law facilitators, public and private attorneys who deal with family law matters, advocates for parents and children, child support specialists, and others (for example, academics) who work on child support issues and who bring a broad perspective to the application of the guideline. The survey was not designed for parents because most parents do not have experience using the guideline to establish orders beyond their own case. Nevertheless, some parents learned about the survey and responded. Their answers and recommendations are included in the discussion of survey findings.

No target sample size was set for the number of respondents. Rather, the survey and the survey administration procedures were designed to capture input from as many guideline users as wanted to submit responses. The surveys were self-administered. Respondents had the option of returning a hard copy survey instrument or using the Web-based survey to record their answers and opinions. About half of the total respondents used each approach.

FOCUS GROUPS OF PARENTS

Obviously, parents play an important role in any review of the child support guideline because they are directly affected by how the guideline is applied by the court to calculate a child support order in their case(s). Thus, the PSI study team made a special effort to capture parents’ thoughts about the guideline, especially in how the guideline’s provisions are applied and what impact that application has had on their particular situations. The approach the study used to gather data also asked parents what recommendations they had for changing the guideline that would make it easier to use, be more equitable in its outcomes, and yield support orders that were in the best interest of the children.

In order to capture this information, the PSI study team conducted several focus groups in San Diego and the San Francisco Bay Area and conducted interviews with parents either in person or by telephone. The qualitative information from this effort was meant to supplement the more quantitative information captured from the survey of guideline users.

ORGANIZATION OF THIS REPORT

In addition to this Introduction, there are seven chapters in the report. Chapter Two provides a brief overview of the California child support guideline and some of its basic provisions. In particular, the chapter examines the provisions for the three issues of primary focus in this study: the adjustments for low-income obligors and for parents with additional dependents and the income base used to calculate support.

Chapter Three presents findings from the review of case files. The purpose of this review was to understand better how the guideline is applied by judicial officers around the state and to identify reasons those officers may have entered a different support order amount than would have been calculated using the guideline. The chapter presents statistics on how frequently child support orders deviate from the guideline amount and the reasons for those deviations, as well as how frequently adjustments are made for such factors as additional dependents, the low income of the obligor parent, child care, and extraordinary medical expenses.

Chapter Four compares California's guideline to the guidelines used in other states. In particular, the chapter examines the issues of (1) low income and how other states establish child support orders for obligors with low income, (2) what other states use as their base for computing a support obligation, and (3) how other states' guidelines deal with additional dependents.

Chapter Five presents estimates on the costs of raising children using the most recent economic evidence about those costs. These findings, which build on previous research conducted by Dr. David Betson, use the most current economic data from the Consumer Expenditure Survey administered by the Bureau of Labor Statistics. The child-rearing cost estimates are shown as a proportion of total household expenditures in intact families. The chapter discusses the advantages and disadvantages of three alternative approaches to estimation and presents child-rearing cost estimates for each approach.

Chapters Six and Seven present the findings from a survey of guideline users and discussions with parents, respectively. Together, the chapters (1) discuss some of the strengths and weaknesses of the guideline, (2) examine some of the problems users and parents report having with the guideline as a tool for establishing support obligations, and (3) offer ideas for improvements to make the guideline more useful.

Chapter Eight, the final chapter, presents the recommendations of the PSI study team for changing provisions in the guideline that deal with (1) low income, (2) net

disposable income as a base for calculating a support obligation amount, and (3) additional dependents.